



Optical Networks Daily

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Foreword

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Still not much sign of convergence

We have frequently commented on the fact that convergence between the giant computer groups, such as IBM, HP and Dell amongst others, and the much smaller communications companies such as Cisco, Ericsson, Alcatel, Nortel and Lucent, has not taken place at a rate that might have arguably been predicted from circumstantial factors. These include the symbiotic relationship between the two technologies, their strong dependence on basic microelectronics, their adherence to common standards, their common EMS vendors, the fact that Intel, one of the core technology foundations of the computer sector, had seen it as a logical extension of its huge computer skills to extend into communications, and so on.

Two years ago it seemed as if Intel's earlier direct entry into this market was going to be followed in an aggressive way by Dell. However, Dell seemed after a year or so to change its policy very suddenly, devoting much more of its diversification energies to moving into more consumer related sectors such as printers, copiers etc., where the company's particular skills perhaps fit much better.

As far as we know, Dell has never exactly explained whether it merely ended up chasing the more obvious opportunity, or whether in fact its earlier forays into communications had radically altered the company's mindset about the networking business.

Now, out of that group, it seems to be HP, with its ProCurve operation, which is most aggressively trying to cross that rather inexplicable conceptual faultline that seems to divide the two industries.

So far it has been unclear whether HP has a game plan or what that might be - perhaps it has ambitions to emulate Juniper's success in wresting technical leadership of the high-end router business from Cisco by taking control of the fast developing Gigabit and 10 Gigabit Ethernet switching markets.



Although the company over a couple of years has easily overtaken traditional Ethernet switch suppliers such as Extreme, whose annual going rate is currently around \$400 million gross (not all perhaps attributable within this analysis), and Foundry (also about \$400 million gross), at least on the basis of Dell'Oro's third quarter figures [below](#), during which HP grew 10% below the market rate, any such plan, if it does exist, is faltering.

No doubt HP's runup of sales has been fast and for that reason may be a little narrowly based by product and by customer at the moment, resulting in lumpy quarterly results that may not be that significant. Certainly the company continues to be aggressive in the sector.

In early November HP announced the introduction of its ProCurve Switch 3400cl, a fixed-port Ethernet switch in 24-port and 48-port versions that supports 1 Gigabit Ethernet interfaces and 10 Gigabit Ethernet uplinks, and according to HP is directly comparable, feature-wise, with Cisco's Catalyst 3750G-16TD, a 16-port switch that sells for around two to five times* as much.

Also in November, HP's ProCurve Networking Group announced a joint marketing and support partnership with Mitel of Canada - a company with a distinguished history as an innovator in the voice market for the last thirty years - for customers deploying converged voice and data networks, based on combining networking products with the ProCurve Adaptive EDGE Architecture and Mitel's product line of IP PBXs, IP phones, and IP applications. Cisco's fastest growth rate over the last year appears to have been in the IP telephony market, so this move is not surprising.

* Prices quoted in an article in ZDNet suggest the ProCurve base unit sells for \$3,759 compared to \$19,995 for the reportedly comparable Cisco unit, and a base unit with a single 10 Gigabit Ethernet fibre link would cost \$10,497 from ProCurve and \$23,900 from Cisco. No doubt there is quite a bit more to it than this but the gap seems too wide to be closed with other arguments. Clearly Cisco is the incumbent and has plenty of defensive ploys to see ProCurve off in some cases.

2) Dell'Oro reports Q3'04 Ethernet switch revenues at \$3.4bn, up 9% Q/Q, Cisco gains 2-3 points, others lose

November 18th Dell'Oro Group released summary data from its Ethernet Switch Quarterly Report for the third quarter of 2004, covering revenue, port/unit shipments, and prices for Layer 2 (both managed and unmanaged), Layer 3, Layer 4-7, Fast Ethernet, Gigabit Ethernet, Gigabit NICs and LOMs (shipments only), and 10 Gigabit Ethernet, as follows:

- a. Total shipments for the quarter were worth \$3.404 billion, a sequential growth of 9% over the second quarter of 2004 and 24% over the third quarter of 2003.
- b. The average selling price for the total Ethernet switch market remained flat at approximately \$97 for four consecutive quarters. Dell'Oro said there was a complex mix of rising sales and dropping prices for Gigabit and 10 Gigabit Ethernet together with increasing demand for feature-rich 100 Mbit/s fixed configuration switches as users continued to upgrade networks "to handle newer applications such as IP telephony, security, and wireless LAN".
- c. The top six competitors were:
 1. [Cisco](#), holding a dominant market share of around 80%, grew 12%, three points more briskly than the market, increasing its market share it seems by 2-3 percentage points.

2. [Nortel](#), a long way second in the market, fell 5% sequentially or about 14% slower than the market.
3. HP ProCurve, [HPs](#) networking operation, down 1% sequentially, 10% slower than the market.
4. [3Com](#), the fourth ranked company for the moment, was down a whopping 11% sequentially or 20% below the market growth rate.

NB: This is a rate of divergence that would take the company totally out of contention in a few quarters; however last week 3Com announced a new highly competitive core terabit switch for enterprises developed through its Hong Kong-based formal joint venture with Huawei.

5. [Foundry](#) and [Extreme](#), in fifth and sixth positions, both, according to Dell'Oro estimates, grew 4% sequentially, around 5% slower than the market, therefore both lost share but left their relative positions to each other unchanged.

3) Huawei chosen to supply MSPP equipment for KT pilot multi-service network

November 18th Korea's incumbent wireline services provider [KT](#) is reported to have selected [Huawei Technologies](#) together with [Cisco Systems](#) to supply multi-service provisioning platform (MSPP) core backbone equipment for a pilot 2.5 Gbit/s / 10Gbit/s multi-service transport network.

One source noted that although Huawei had previously supplied TDM optical networking equipment in part of Seoul, this was the company's first Korean contract for advanced optical transport network equipment.

This report also noted that [UTStarcom](#) had successfully passed all qualification and benchmark tests for this particular contract thus positioning itself to quote for other similar contracts with KT in the future.

Yonhap News related that KT had ordered "eight units" from Huawei but did not mention Cisco; it was not clear from the main source quoted whether Huawei was the only supplier of MSPPs for the project or whether Cisco was also a supplier; in any case Yonhap confirmed that Cisco had historically been a major supplier to KT.

4) German primary insurance provider ERGO, with 31m clients, deploys Nortel-based 2.5 Gbit/s RPR ring

November 19th [Nortel Networks](#) announced that following an original agreement signed in June 2004 with ERGO, Germany's number two primary insurance provider, serving 31 million customers throughout Europe, ITERGO, the internal information services provider for ERGO, has established one of the first resilient packet rings (RPR) in Germany using Nortel's:

- a. Optical Metro 3500 platform.
- b. Passport 8600 and 7480 Ethernet routing switches.
- c. BayStack 470 Ethernet switches.
- d. Network management system.
- e. Deployment, support and on-site maintenance services.

To build a 2.5 Gbit/s RPR carrier-grade converged backbone ring linking the ERGO main offices in Duesseldorf, Hamburg, Cologne and Munich with single connections provided by Deutsche Telekom's T-Systems (using the Nortel Optical Metro 5100 platform), designed to:

1. Reduce the complexity of ERGO's existing infrastructure while meeting current and future application needs of the four main German insurance companies within its group.
2. Provide a highly resilient communications network, enabling a distributed information services architecture over a single optical infrastructure.
3. Realise significant IT operational cost reductions.
4. Maximise the underlying business advantage through higher availability of applications, use of existing distributed IT assets and expert resources, and partitioning of critical assets for business continuity.
5. Support new applications linking virtual networked communities at a fraction of the previous cost.
6. Enable ITERGO to assign fully networked resources effectively without the need to continuously restructure, to meet business needs in a rapidly changing European insurance market.
7. Specifically support videoconferencing, voice and data transmission, IP data communication services as well as ATM and VPN services.

5) Canada's CANARIE uses dark fibre from metro business service provider Looking Glass for Starlight link

November 19th [Looking Glass Networks](#), of Oak Brook, Illinois,

- a. A four-year old, \$475 million funded (including \$100 million debt-funding from Cisco Systems) facilities-based provider of metropolitan telecommunications transport services.
- b. Offering SONET/SDH, wavelength and Ethernet-based lit services, high-capacity dark fibre and carrier-neutral colocation services, in addition to custom design and build services for carrier and enterprise customers.
- c. Targeting carrier hotels, data centres, ILEC COs, key enterprise buildings and other major data aggregation centres in 12 U.S. areas (Atlanta, Baltimore, Chicago, Dallas, Houston, Los Angeles, New York/Northern New Jersey, Philadelphia, Seattle, San Francisco, San Jose and Washington DC/Northern Virginia).
- d. Which specifically interconnects with more than 133 carriers, has over 729 points of presence, 422 on-net buildings and 860 Type II buildings.
- e. And claims over 250 customers, including enterprises, media companies, content providers, educational institutions, government agencies, international and wireless carriers, domestic long haul and local carriers.

Announced that CANARIE,

- a. A not-for-profit Canadian corporation, set up to facilitate the development and use of Canadian research networks and the applications and services that run on them.
- b. And which has developed and operates CA*net 4, Canada's national research and innovation network, which connects Chicago with all major Canadian universities and research institutions.

Has purchased Looking Glass DarkGLASS services in Chicago to extend its connection to StarLight, the Science Technology And Research Light-Illuminated Gigabit High-Performance Transit facility on the Chicago campus of Northwestern University, which is described as an advanced optical infrastructure and proving ground for network services optimised for high-performance applications.

StarLight also connects to:

- I-WIRE, a statewide advanced research optical network.
- LHCNet, a Department of Energy-funded link to the CERN accelerator in Switzerland.
- Abilene, which connects universities and research laboratories across the U.S.
- The DOE UltraScience Net.
- National LambdaRail, a cross-country, fibre optic infrastructure for research and experimentation in networking technologies and applications.

6) Alcatel to acquire Right Vision, supplier of software-based Internet appliances for SMBs

November 19th [Alcatel](#) announced its intention to acquire privately held, 42-employee, Right Vision of Sophie Antipolis, near Cannes, a five-year old supplier of software-based Internet appliances that provide Internet access, email and web applications, as well as security and simplified management capabilities to SMBs, and which:

1. Offers both pure software solutions that run on industry standard server platforms, as well as packaged offerings that include standard hardware and software with support for both Microsoft and Linux environments.
2. Currently serves more than 5,000 SMB customers through indirect channels, including Hewlett Packard, NEC and ACER.
3. Also had developed partnerships with service providers such as France Telecom, British Telecom and Belgacom.

Alcatel commented that the acquisition of Right Vision supports its vision for integrating voice, data and Internet functionalities into a single converged information and communications package aimed at SMBs.

Following a successful partnership with Right Vision, announced in September 2003, Alcatel is integrating Right Vision's solutions with its Alcatel OmniPCX Office communications server. Alcatel plans to deliver its first SMB offering with Right Vision in the first quarter of 2005, while further integration with the OmniPCX Office range is planned for 2005 and beyond.

7) Emergent integrated VOD systems supplier MatrixStream announces high definition 720P VOD STB

November 15th MatrixStream Technologies of San Mateo, California, formerly Purple Globe Communications, incorporated in 1999, a supplier of a fully integrated end-to-end video on demand solution, which the company says is designed to:

- a. Avoid the complications of multi-vendor solutions by providing all the functions required for a VOD system, including server software, subscriber and content management software, billing API, PC viewing clients, and IP set-top box TV video clients.
- b. Operate over any current IP network without requiring expensive upgrades, without video degradation and without having to deal with network congestion problems or distance restrictions.
- c. Be scalable to the point of being able to support millions of viewers.
- d. Offer telco grade reliability, including built-in dual-power supplies, RAID and other redundant components designed to ensure a high MTBF.
- e. Be video-codec-independent, being able to handle both existing standards-based video codecs such as MPEG-2, MPEG-4, WM9, VC-1 and H264 AVC, as well as any future codecs.
- f. Include an option, part of the company's InstantVOD platform for telcos, to access "tens of thousands of hours" of content acquired from major content providers, catering for a wide range of interests including several movie genres, e-learning, travel, adult entertainment, among other themes.
- g. Support any third party Digital Rights Management (DRM) system.
- h. Offer both a hosted service and a purchased equipment model, as well as a revenue-sharing type of agreement designed to avoid the need for high upfront capex and opex.
- i. Even enable viewer to watch DVD or HD quality videos over a wireless network.

Announced plans to demonstrate what the company described as "the world's first 720p high definition IP Datacast VOD set-top box" at TelcoTV 2004 in Orlando.

MatrixStream, which also noted that it is currently working with major broadband service providers in the United States, Australia, Japan, China, Canada, Hong Kong and Brazil, offers a portfolio that includes:

- "Patent-pending" MatrixCast IP Datacast software platform.
- I-MX 500 and I-MX C2000 backend video servers.
- I-MX S2100 video storage servers.
- I-MX M2200 management servers.
- I-MX B2000 broadcast servers.

- I-MX 1000 set-top box clients.
- I-MX 1100 PC-PC clients.

And also supports the following specific functionality:

- Personalised electronic programme guide.
- Conditional access.
- Parental controls.
- Dynamic watermarking.
- Dynamic real-time e-commerce.
- Dynamic ad-insertion.
- Multilingual support.
- On-screen-display support for VCRs.
- Hardware load-balancing.
- Server-clustering for improved reliability.
- Full backend web based VOD management.
- Remote software/firmware update.
- Auto-provisioning.
- The capability to add future features such as personal video recording, games-on-demand etc. via software upgrades.

8) Intel and Nvidia, supplier of graphics + digital media processors, sign multi-year license + chipset agreements

November 19th [Intel](#) of Santa Clara, the world's largest semiconductor company and an important supplier of computer, networking and communications systems, has announced an agreement with Nvidia, also of Santa Clara, a 2,000-employee supplier of graphics and digital media processors, whose graphics processing units, media and communications processors, and wireless media processors, are incorporated into a variety of platforms, including consumer and enterprise PCs, notebooks, workstations, PDAs, mobile phones, and video game consoles.

Under the agreement the two companies have signed:

1. A broad, multi-year patent cross-license agreement spanning multiple product lines and product generations.
2. A multi-year chipset agreement for Nvidia to license Intel's front-side bus technology, enabling Nvidia to deliver its nForce platform technology on Intel-based systems.

More Beans

(Links against the company name illustrate the entire history of the company; those against the "more" legend bring up the individual story).

[OIF](#) to develop interworking design guide, launches MLM project, elects board with Joe Berthold of CIENA as president [more](#)

[Broadband Content Delivery Forum](#) and Service Creation Community to merge [more](#)



[net.com](#) intros SCREAM v3.1 with IP multicast functionality, IP VPN support, OC-48/STM-16 interfaces for ATM, PoS uplinks [more](#)

[EXFO](#) unveils FTB-5230 spectrum analyser for CWDM test applications in metro, access networks [more](#)

IT solutions company Putian Capitel to distribute [Sonus Networks'](#) VoIP infrastructure products in China [more](#)

GlobalConnect supplements circuit-switched infrastructure with [Foundry's](#) Layer 2/3 FastIron Edge-X 10 GBE switches [more](#)

Central office contractor Falcon Communication picks [Optibase](#) MGW 5100/1100 platforms for DTV head-end solution [more](#)

[Hitachi Data Systems](#) to resell [Brocade's](#) SilkWorm 4100 range of 4 Gbit/s SAN switches [more](#)

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